

ORDINANCE **2021-12-16-0983**

**APPROVING AN AMENDMENT TO THE FOOD & BEVERAGE PRIME CONCESSION AGREEMENT WITH PARADIES LAGARDÈRE @ SAT, LLC FOR THE SAN ANTONIO INTERNATIONAL AIRPORT REVISING THE CONSTRUCTION SCHEDULE AND MODIFYING CONTRACT LANGUAGE.**

\* \* \* \* \*

**WHEREAS**, in March 2019 City Council authorized a Food & Beverage Prime Concession Agreement with Paradies Lagardère for 10 concepts in over 10,000 square feet in Terminal A at the San Antonio International Airport with a MAG of \$2,165,000.00 for an initial term of seven years with the option to extend for three, one-year extension options; and

**WHEREAS**, COVID-19 impacted both the construction schedule for proposed concepts as well as operations for those that had opened or opened since February 2020 when the pandemic began impacting air travel; and

**WHEREAS**, this amendment does not make changes to the overall Minimum Annual Guarantee or term of the agreement; and

**WHEREAS**, this ordinance authorized the execution of an amendment that will make limited changes to the concepts and update square footage of the concepts, revise the percentage rent, adjust the construction scheduled to account for the COVID related delays, and modify the abatement language; **NOW THEREFORE:**

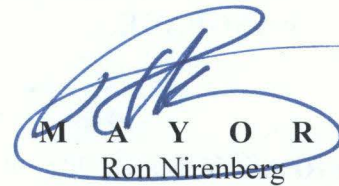
**BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:**

**SECTION 1.** The City Manager or designee is authorized to execute an amendment to the Food & Beverage Concession Agreement with Paradies Lagardère @SAT, LLC at San Antonio Airport System revising the construction schedule and modifying certain contract language, a copy of which is set out in **Exhibit 1**.

**SECTION 2.** This Ordinance is effective immediately upon the receipt of eight affirmative votes; otherwise, it is effective ten days after passage.

5051-15-0483

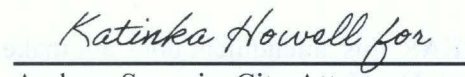
***PASSED and APPROVED*** this 16<sup>th</sup> day of December 2021.

  
M A Y O R  
Ron Nirenberg

**ATTEST:**

  
Debbie Racca-Sittre, Acting City Clerk

**APPROVED AS TO FORM:**

  
Andrew Segovia, City Attorney



## City of San Antonio

### City Council Meeting December 16, 2021

29.

**2021-12-16-0983**

Ordinance amending the Food, Beverage and Retail Prime Concession Agreement with Paradies Lagardère @ SAT, LLC for the San Antonio International Airport to accommodate the delay of construction due to the COVID-19 pandemic and making other modifications to the contract language. [Jeff Coyle, Assistant City Manager; Jesus Saenz, Director, Aviation]

Councilmember Courage moved to Approve on the Consent Agenda. Councilmember Cabello Havrda seconded the motion. The motion carried by the following vote:

**Aye:** Nirenberg, Bravo, McKee-Rodriguez, Viagran, Rocha Garcia, Castillo, Cabello Havrda, Sandoval, Pelaez, Courage, Perry

KRH  
12/16/2021  
Item No. 29

## EXHIBIT 1



**AMENDMENT 1  
TO THE  
SAN ANTONIO INTERNATIONAL AIRPORT  
FOOD & BEVERAGE PRIME CONCESSION AGREEMENT**

This Amendment 1 ("Amendment") to the Food & Beverage Prime Concession Agreement is made and entered into by and between the **CITY OF SAN ANTONIO** ("City"), a Texas home-rule municipality, acting by and through its City Manager, pursuant to Ordinance No. \_\_\_\_, passed and approved by the San Antonio City Council and **PARADIES LAGARDERE @ SAT, LLC**, a Texas limited liability company ("Concessionaire"), acting by and through its authorized officers.

WHEREAS, in March 2019 through Ordinance No. 2019-03-21-0221, the City approved the Food & Beverage Prime Concession Agreement ("Agreement") between Concessionaire and City; and

WHEREAS, this amendment substitutes a limited number of concessions, adjusts the construction schedule in the Agreement to accommodate the delay in commencement of necessary construction due to the COVID 19 epidemic, and makes certain other agreed to modifications in the contract language; and

NOW THEREFORE, in consideration of the terms, covenants, agreements and demises herein contained each to the other given, the sufficiency and receipt of which are hereby acknowledged, the Agreement is amended as follows:

- 1. Article 1. Definitions.** The definition for "Lease Year" in Article 1 is hereby deleted in its entirety and replaced with the following definition:

**"Lease Year"** means any successive twelve (12) month period from October 1st through the following September 30th. The initial Lease Year shall commence on the first October 1<sup>st</sup> following the Rental Commencement Date.

- 2. Section 2.01 Premises.** The table in Section 2.01 of the Agreement is hereby deleted in its entirety and replaced with the following table:

Location	Planned Concept	Trade Name	Square Footage
TA-188	Marche and Coffee	Sip Brew Bar and Market	928
TA-110,112,&114	Casual Dine – BBQ	Smoke Shack	2,665
TA-116	Specialty Coffee	Merit Coffee	885
TA-132	Specialty Retail	Spurs	344
TA-172	QSR	Whataburger	1,641
Gate A7	Kiosk	InMotion	130
Gate A8	Kiosk	InMotion	130
TA-162	Specialty Retail	Adina's Market	1,508
TA-158	Casual Dine with Bar	Beer Code	2,033
TA-150	Specialty Coffee	Boss Bagels & Coffee	1,006
TA-Bag Claim	Specialty Coffee — Kiosks	City Point 24/7 (utilizing Avanti Markets Solution)	148
<b>TOTAL</b>			<b>11,418</b>

3. **Section 3.01. Minimum Annual Guaranteed Rent ("MAG").** Section 3.01 of the Agreement is hereby amended as follows

**Section 3.01(a).** The table in Section 3.01 (a) of the Agreement is hereby deleted in its entirety and replaced with the following table:

LOCATION	CONCEPT	LOCATION MAG (\$)
TA-188	Sip Brew Bar and Market	\$51,577
TA-110,112, & 114	Smoke Shack	\$559,545
TA-116	Merit Coffee	\$282,329
TA-132	Spurs	\$92,400
TA-172	Whataburger	\$366,507
TA-162	Adina's Market	\$217,800
TA-158	Beer Code	\$374,417
TA-150	Boss Bagels & Coffee	\$94,854
TA-Bag Claim	City Point 24/7 (utilizing Avanti Markets Solution)	\$35,571
Gate A7 and Gate A8	InMotion Kiosks	\$90,000 (combined)*
<b>TOTAL MAG</b>		<b>\$2,165,000</b>

\*Commencing on and after July 1, 2022

**Section 3.01(b).** The MAG for the second Lease Year and each succeeding Lease Year shall be calculated by multiplying 85% by the total amount of concession fees (consisting of MAG and Percentage Rent) due from Concessionaire to the City in the immediately preceding twelve-month period and be provided to Concessionaire within 30 days prior to the beginning of the succeeding Lease Year. For example, assuming that the Lease Year begins in October, in order to provide the MAG to the Concessionaire in September, the MAG would be based on the Rents due, excluding Additional Rents, for the sales during the prior twelve-month period from August 1<sup>st</sup> through July 31<sup>st</sup>.

In no event, however, shall the MAG for any Lease Year be less than 100% of the MAG for the first Lease Year, except as provided in **Section 3.01(d)** below.

**Section 3.01(d).** Section 3.01(d) of the Agreement is hereby deleted in its entirety and replaced with the following;

So long as Concessionaire is in good standing and not in breach of this Agreement, the MAG shall abate on a monthly basis if, through no fault of Concessionaire, the following two events occur:

(i) for three consecutive months the number of enplanements fall below seventy-five percent (75%) of the number of monthly enplanements as compared to the same month of the prior Fiscal Year (Abatement Triggering Event), and

(ii) Concessionaire's gross sales do not trigger the payment of Percentage Rents during the period of the enplanements decrease.

Once the Abatement Triggering Event has occurred, the MAG shall be abated effective as of the first day of the first of the three consecutive months for which the enplanements decreased. (By example, if the number of enplanements fall below seventy-five percent (75%) of the number of monthly enplanements as compared to the same months of the prior Fiscal Year for the months of March, April



and May, the MAG will be abated as of March 1<sup>st</sup>). Percentage Rents shall never abate.

During any period of the abatement, Concessionaire will pay to the City the Percentage Rents in lieu of the MAG as well as all other applicable sums set forth in this Agreement.

The MAG shall be reinstated when for three consecutive months the number of enplanements equal to or exceed seventy-five percent (75%) of the number of enplanements as compared to the same months of the prior Fiscal Year (Reinstatement Triggering Event). Once the Reinstatement Triggering Event has occurred, the MAG shall be reinstated effective as of the first day of the first of the three consecutive months for which the enplanements equaled or exceeded 75% of the enplanements compared to the prior year numbers. (By example, if an Abatement Triggering Event occurred in early 2020 and subsequently in June, July and August of 2020 the number of enplanements equal or exceed seventy-five percent (75%) of the number of monthly enplanements as compared to the prior Fiscal, the MAG will be reinstated as of June 1, 2020).

4. **Section 3.02 Percentage Rent.** The table in Section 3.02(a) is hereby deleted in its entirety and replaced with the following:

Product Category	Percentage Rent Rate
Food/ Non-Alcoholic Beverages	<u>14</u> % on annual Gross Receipts for all stores except Adina's Market "high quality grab-n-go sandwiches" which will be <u>13</u> % on annual Gross Receipts
Alcoholic Beverages	<u>18</u> % on annual Gross Receipts
Retail items (concept-related, nonfood merchandise)	<u>16</u> % on annual Gross Receipts for all stores except InMotion's Kiosks which will be <u>13</u> % on annual Gross Receipts

5. **Section 4.02 (a) Monthly Statement.** Section 4.02(a) is hereby deleted in its entirety and replaced with the following:

(a) **Monthly Statement.** Concessionaire shall within 10 days after the expiration of each lease month, deliver to the City a written statement on a form reasonably satisfactory to the Director signed by an officer of Concessionaire, showing the Gross Receipts made from the Premises during such period including an itemization of any exclusions or deductions made to Gross Receipts and the amount of Percentage Rent paid, if any, and Additional Rent paid among other matters ("Monthly Statement"). Failure by Concessionaire to deliver Monthly Statements to City within 15 days after the expiration of the lease month shall result in contractual charges in accordance with Section 3.05; and

6. **Section 6.03 Delivery and Condition of Premises.** The second paragraph of Section 6.03(a) pertaining to the design concept and the furnishings for the Food Courts in Terminals A and B and the associated rent credits is hereby deleted in its entirety.

7. **Section 8.01 Permitted Use.** The table in Section 8.01 is hereby deleted in its entirety and replaced with the following:

Space/ Location	Permitted Use (items for sale)
TA-188 Sip Brew Bar and Market	Gourmet coffee, bottled beverages, gourmet snacks and chocolates and a variety of healthy grab and go options. European-style sandwich marche and seating.
TA-110,112, & 114 Smoke Shack	BBQ, sides, and a variety of different beverages.
TA-116 Merit Coffee	Gourmet specialty hot or iced-coffee, tea, and bakery products.
TA-132 Spurs	Spurs memorabilia such as shirts, jerseys, and hats. Will also carry San Antonio FC and Rampage products, together with any other merchandise approved by the City.
TA-172 Whataburger	Burger, chicken sandwiches, salads, shakes, fries, and some retail items.
Gate A7 & Gate A9 InMotion Kiosks	Premium electronics for all the travelers' needs.
TA-162 Adina's Market	Travel Essentials (News/Gifts) including newspapers, magazines, books, sundries, convenience items, non-prescription drugs, health and beauty aids, toys, youth, apparel, souvenirs, travel and business accessories, eyewear, neck pillows, electronics, snacks, cold bottled water, juice and soft drinks, Local artisan gifts and memorabilia, jewelry, ladies' fine quality accessories, and high quality grab and go options.
TA-158 Beer Code	Casual dining - Sandwiches, salad, and alcoholic beverages including cocktails, beer, and wine. Gastropub – hybrid pub, bar, and restaurant.
TA-150 Boss Bagels & Coffee	Bagels with a variety of schmears and coffee
TA-Bag Claim City Point 24/7 (utilizing Avanti Markets solution)	Self-service kiosk offerings including but not limited to a quick bite to eat with grab and go food items, pastries, snacks, bottled beverages, coffee.

8. **Exhibit A2 - Premises Floor Plan.** Exhibit A2 - Premises Floor Plan is hereby deleted in its entirety and replaced with Attachment 1 hereto.

9. **Exhibit B - Construction Phase-In Schedule & Ultimate MAG Commencement for Individual Spaces.** Exhibit B - Construction Phase-In Schedule & Ultimate MAG Commencement for Individual Spaces is hereby deleted in its entirety and replaced with Attachment 2 hereto.

Except as amended hereby, all other provisions of the Agreement are hereby retained in their entirety and remain unchanged.

*Signature to follow*



EXECUTED and AGREED to as of \_\_\_\_\_.

PARADIES LAGARDERE  
@ SAT, LLC

By: \_\_\_\_\_

Gregg Paradies  
Printed Name

President  
Position

11/18/2021  
Date

CITY OF SAN ANTONIO,

By: \_\_\_\_\_

Erik J. Walsh  
City Manager

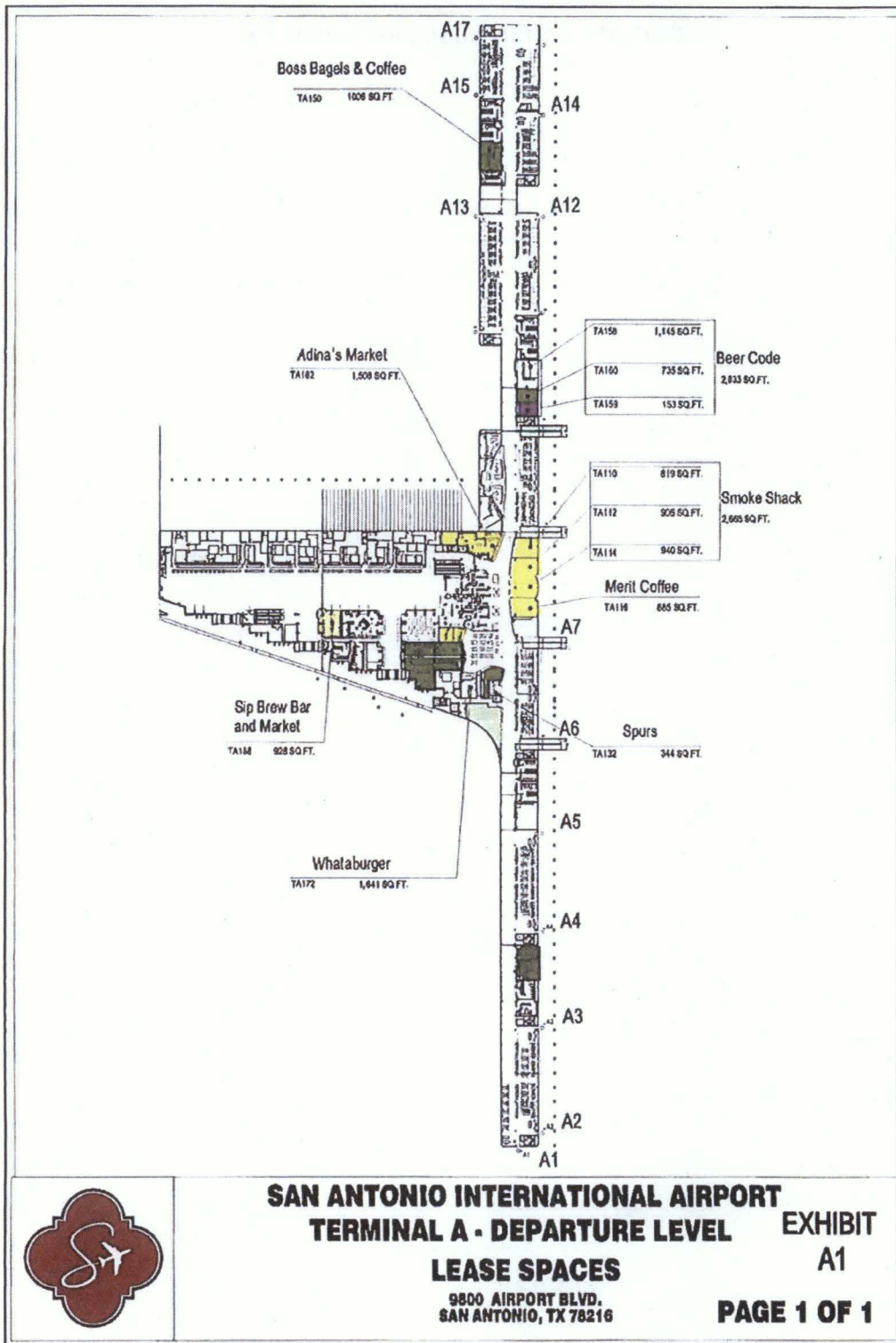
\_\_\_\_\_  
Date

APPROVED AS TO FORM:

\_\_\_\_\_  
City Attorney

**ATTACHMENT I**

**EXHIBIT A2- PREMISES FLOOR PLAN**



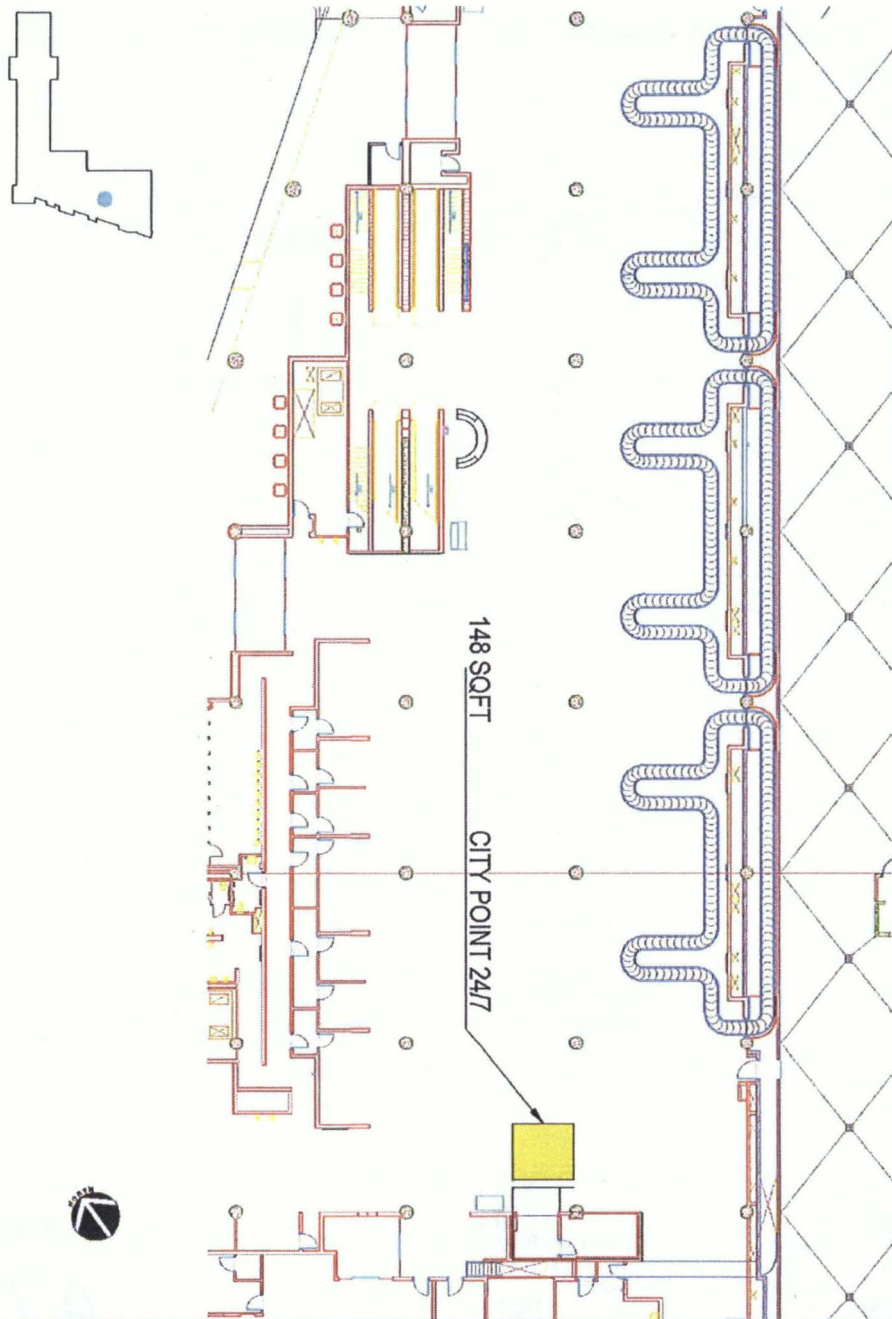
**SAN ANTONIO INTERNATIONAL AIRPORT  
TERMINAL A - DEPARTURE LEVEL  
LEASE SPACES**

**EXHIBIT  
A1**

**9800 AIRPORT BLVD.  
SAN ANTONIO, TX 78216**

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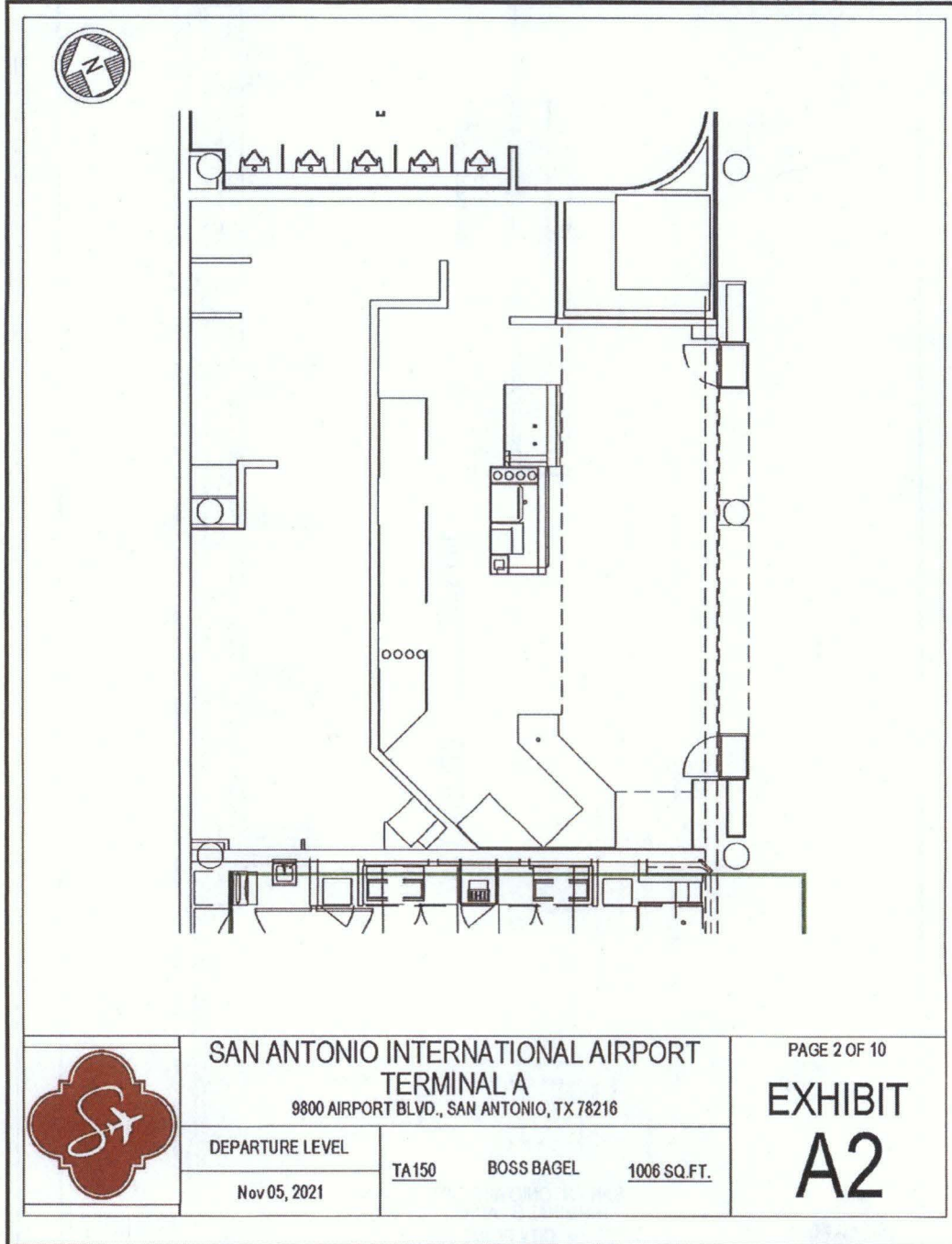


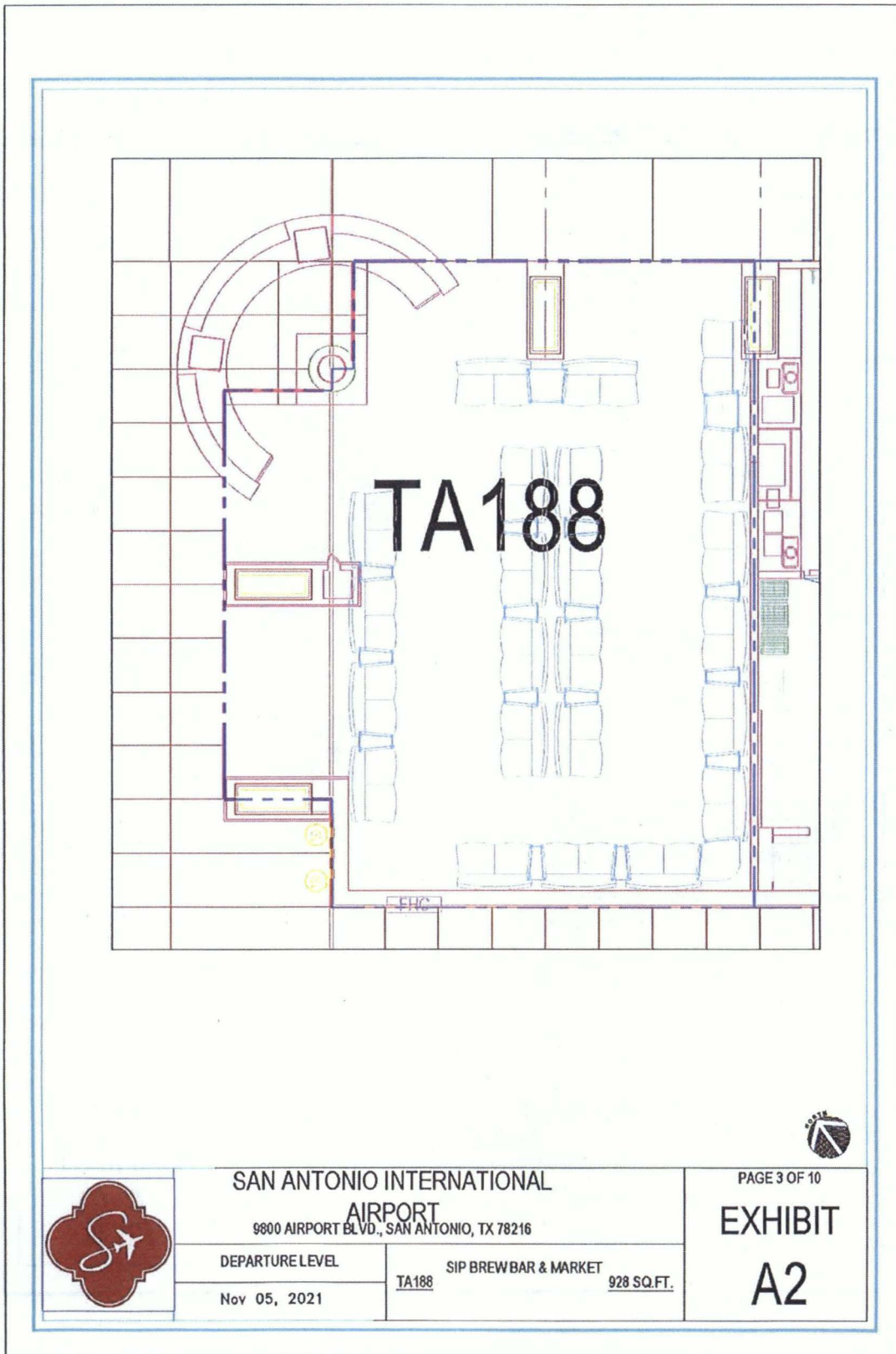


SAN ANTONIO AIRPORT SYSTEM  
TERMINAL B ARRIVAL LEVEL  
CITY POINT 24/7  
9600 AIRPORT BLVD., SAN ANTONIO TX 78216

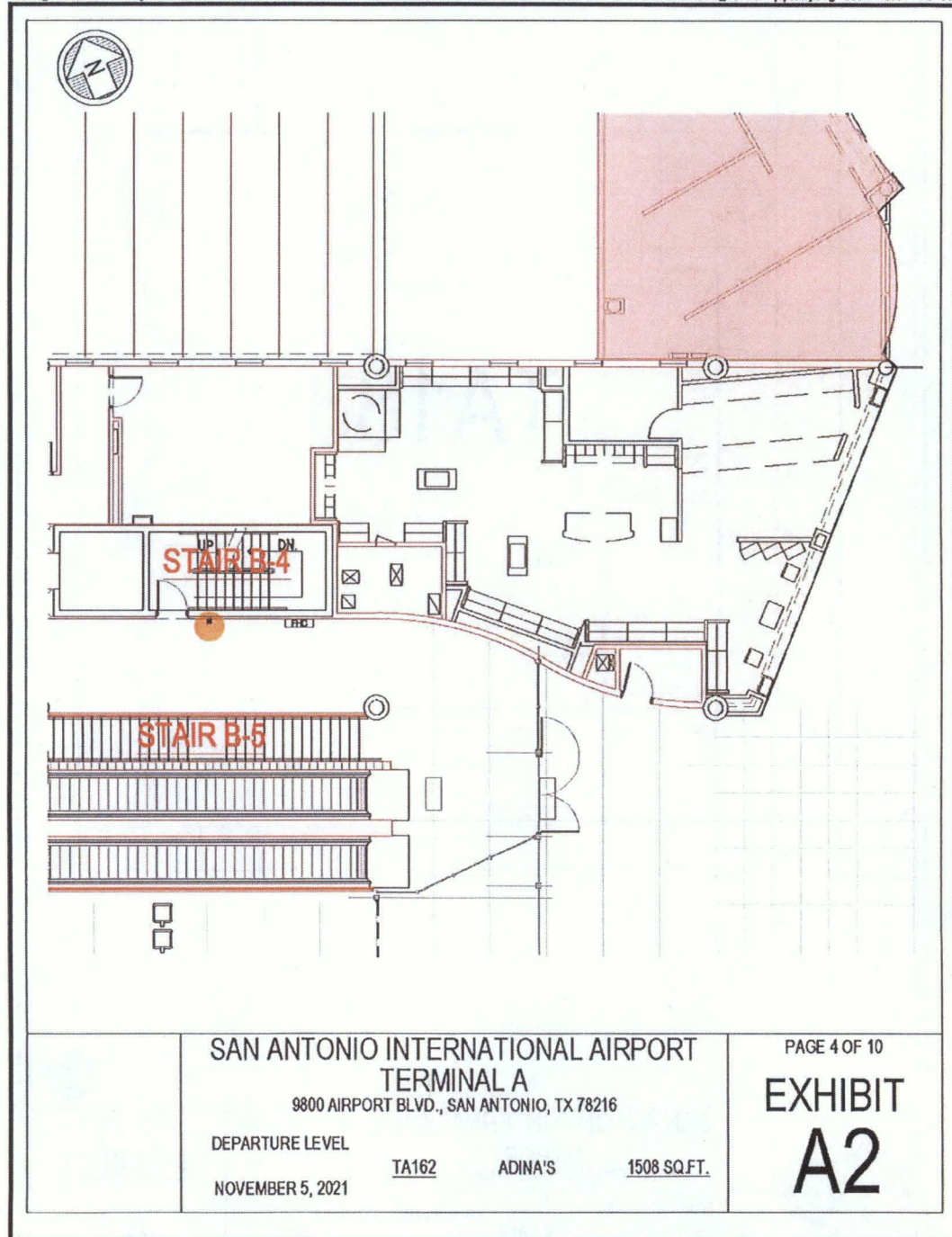
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EXHIBIT  
A2

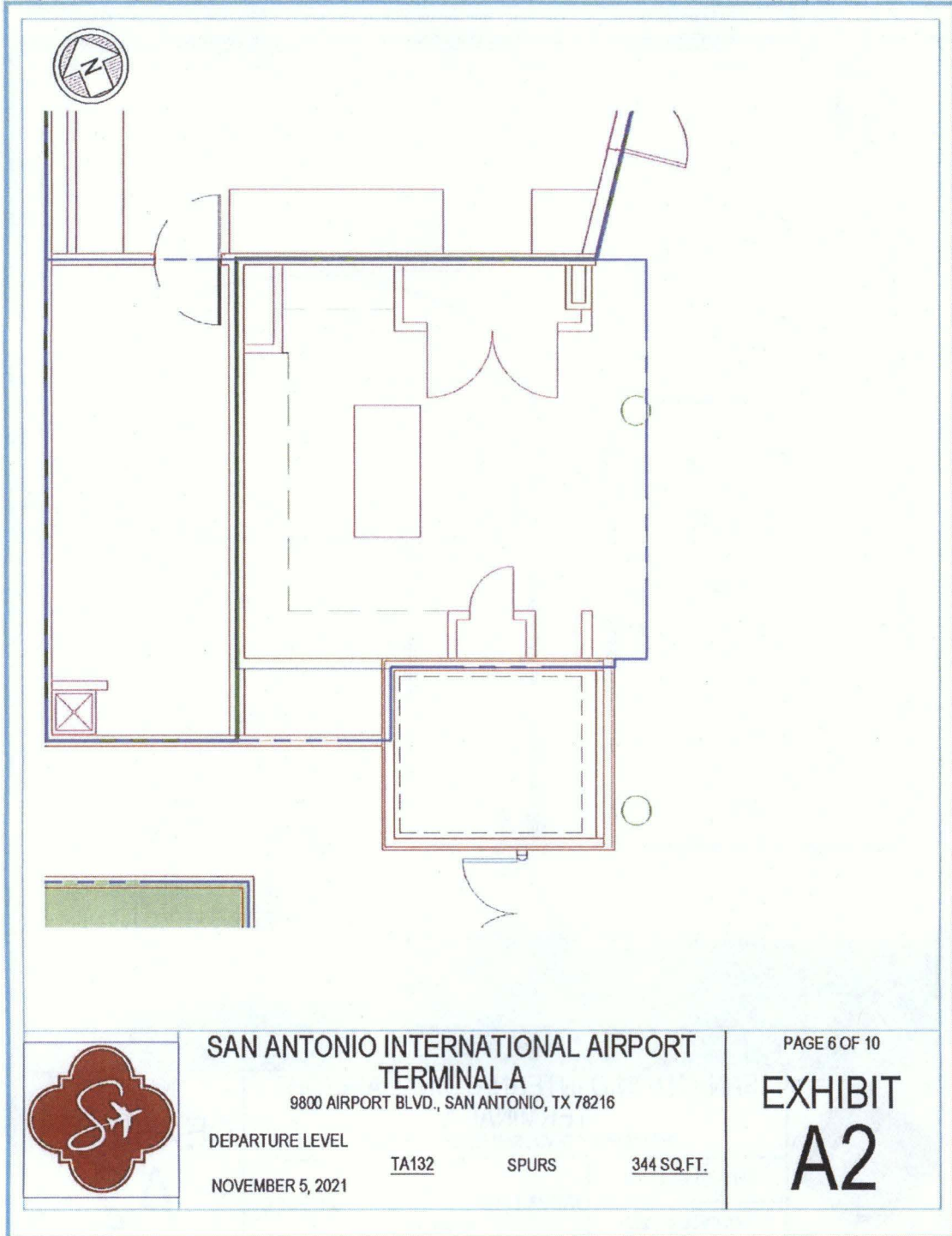




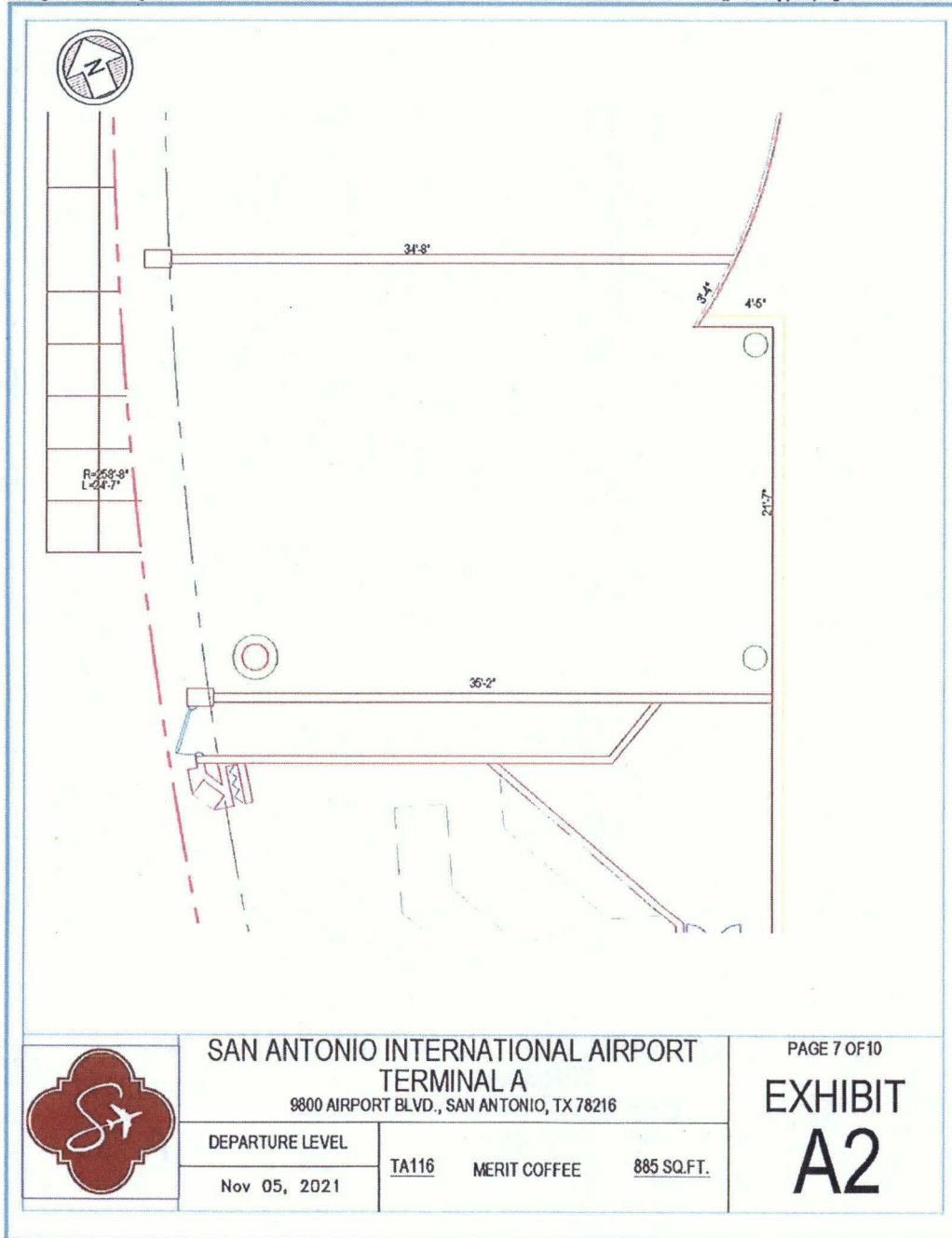


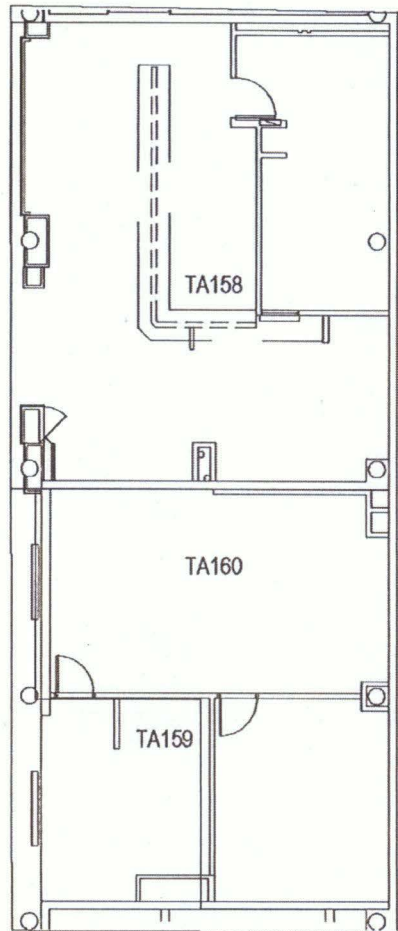












**SAN ANTONIO INTERNATIONAL AIRPORT  
TERMINAL A**  
9800 AIRPORT BLVD., SAN ANTONIO, TX 78216

DEPARTURE LEVEL

TA158, TA160, TA159

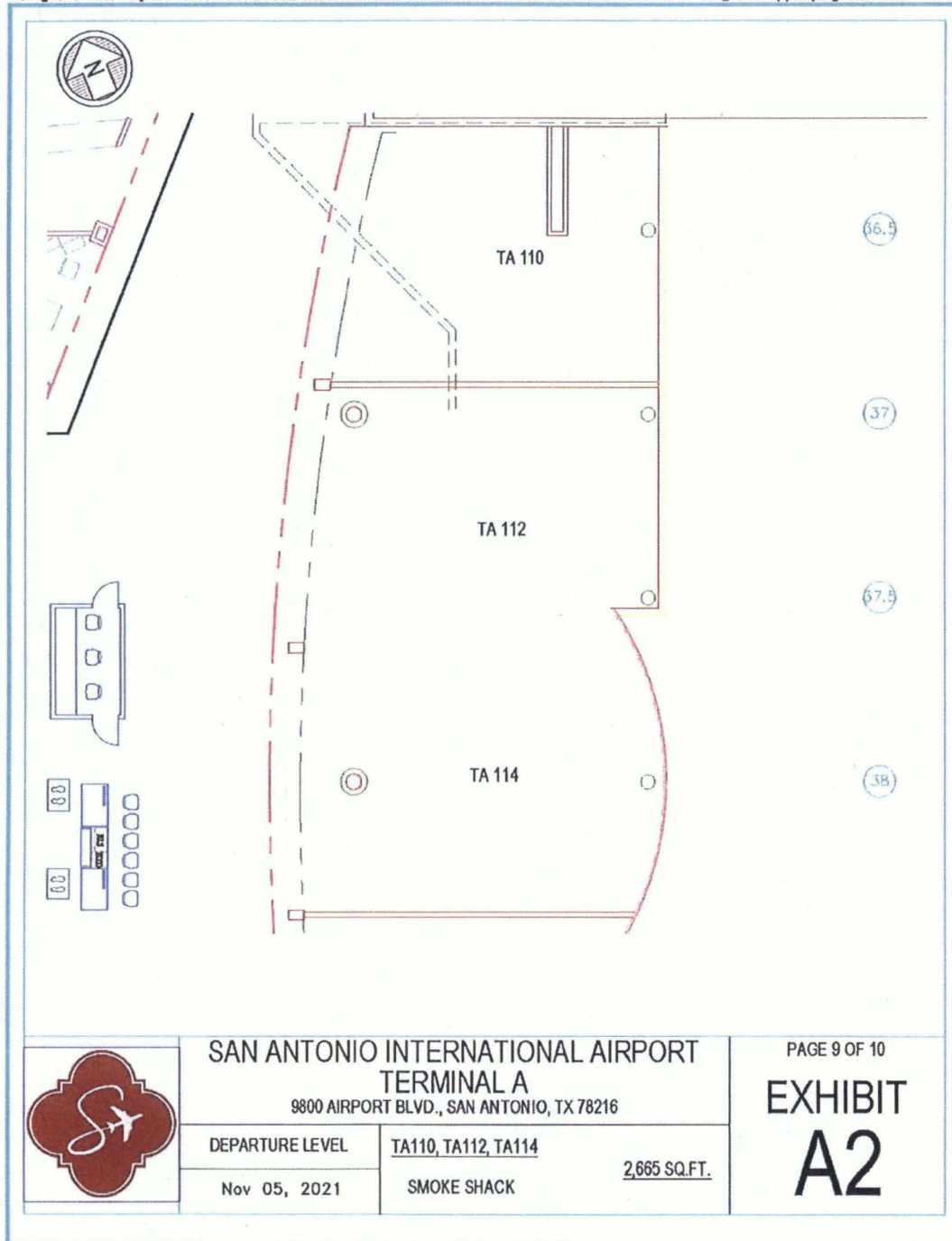
Nov 05, 2021

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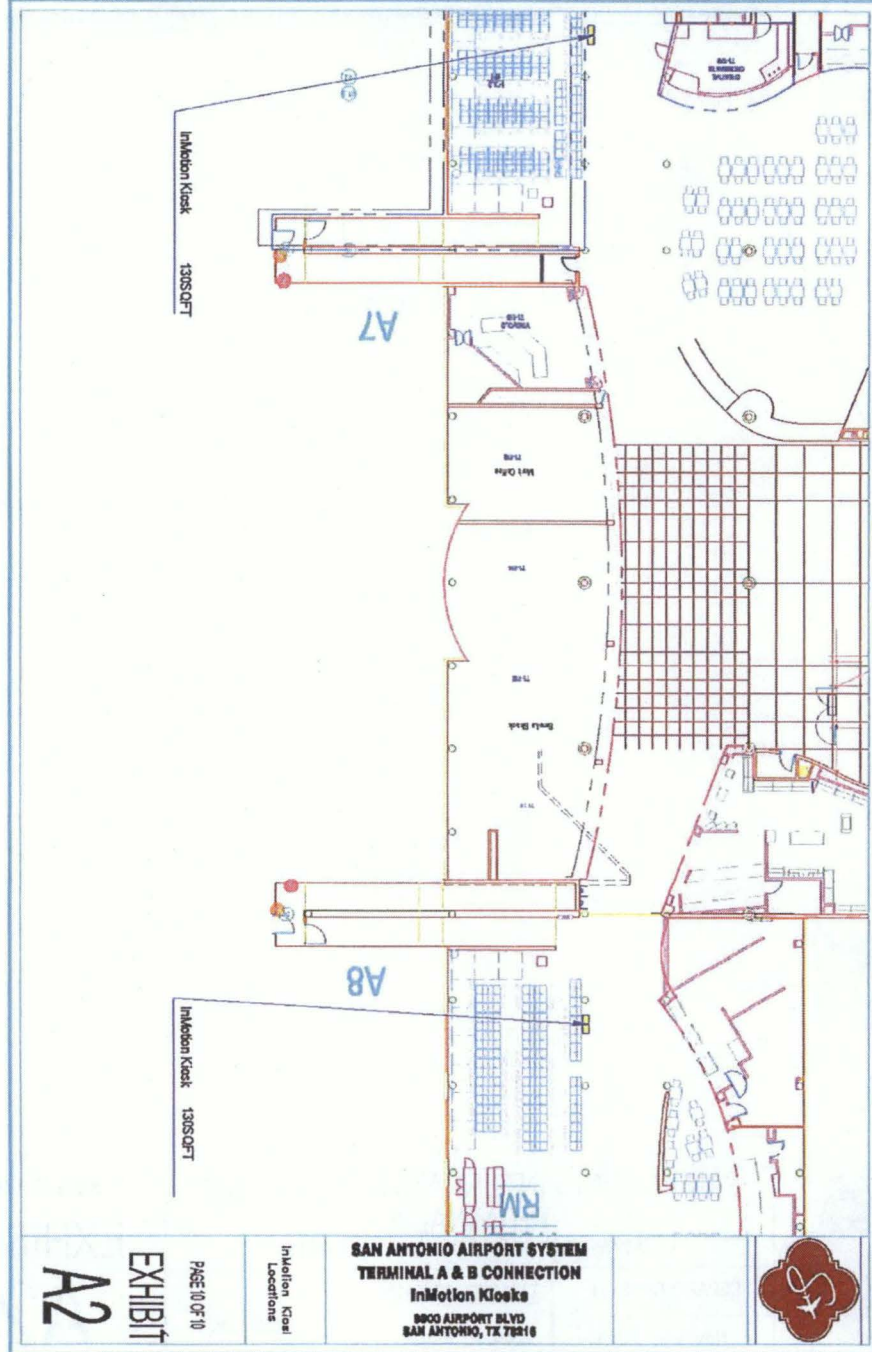
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**EXHIBIT  
A2**





Drawing Name: Y1000 - Project 4 Map/Process and Reference Lines DAMM/AAZ/07/04/04 RELEASE EXHIBIT/Prime P/P/TERMINAL A & B CONNECTION, Jan 2021 (p/prime).dwg User: L0001 Date: 04/2021-04/2021



## ATTACHMENT 2

### EXHIBIT B - CONSTRUCTION PHASE-IN SCHEDULE & ULTIMATE MAG COMMENCEMENT FOR INDIVIDUAL SPACES

The location Minimum Annual Guarantee (MAG) will be implemented no later than the dates specified below, unless Exhibit is updated pursuant to Section 2.05:

TA 132 – Spurs	January 1, 2020
TA 150 – Boss Bagels and Coffee	February 1, 2020
TA 110, 112 & 114 – Smoke Shack	March 1, 2020
TA 116 – Merit Coffee	March 1, 2020
TA 188 – Sip Brew Bar and Market	June 1, 2020

TA – Baggage Claim – City Point 24/7 (utilizing Avanti Markets Solution)	March 1, 2022
TA 162 – Adina’s Market	July 1, 2022
TA 172 – Whataburger	July 1, 2022
TA 158 & 159 – Beer Code	July 1, 2022

Gate 7 InMotion Kiosk	April 1, 2022
Gate 8 InMotion Kiosk	July 1, 2022

The obligation to pay the overall MAG of \$2,165,000.00 shall initiate the earlier of 1) the first day of the month following the date that all stores listed above are open and operating, or 2) July 1, 2022. The first Lease Year will begin on October 1, 2022.

Concessionaire acknowledges and agrees construction with excessive noise and dust will **NOT** be allowed during the hours of 4:30 am till 10:00 pm. Excessive noise caused by jack hammers, chipping guns, excessive hammering, electric chop saws, floor grinder/scrapers, and power actuated tools may only be used between the hours of 10:00 pm till 4:30 am. Concessionaire acknowledges and agrees construction will not interfere with the traveling public.

Any changes to the construction phase-in schedule or the MAG commencement dates must be approved in writing by Director.

# Construction Schedule

